

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00

CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00 INR-11 NSAE-00

RSC-01 FAA-00 SS-20 L-03 NSC-07 DRC-01 /089 W

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O R 241737Z SEP 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 5253

INFO USMISSION BERLIN IMMEDIATE

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L BONN 15134

E. O. 11652: N/A

TAGS: ETRN, WB

SUBJECT: MODERN AIR TRANSPORT (MAT) BERLIN OPERATIONS

REF: BONN 14601

1. EMBASSY HAS BEEN PROVIDED WITH COPIES OF CORRESPONDENCE BETWEEN MAT BERLIN AND AERO AMERICA WHICH INCLUDES A COPY OF A LETTER FROM MAT'S US ATTORNEY, HERBERT A. ROSENTHAL. THE LETTER ADDRESSES ITSELF TO THE REGULATORY IMPLICATIONS FOR MAT IN THE EVENT THE CAB DISAPPROVES AERO AMERICA'S APPLICATION (SEE SEPTEL). ROSENTHAL QUOTES AN AFFIDAVIT SUBMITTED TO THE CAB BY THE GENERAL ACCEPTANCE CORPORATION (MAT PARENT) INDICATING THAT UNLESS THE INTERIM AGREEMENT IS APPROVED BY THE CAB BY OCTOBER 1, 1974, MAT'S OPERATIONS WILL BE TERMINATED, THE EMPLOYEES DISCHARGED, AND ITS AIRCRAFT AND OTHER ASSETS LIQUIDATED.

2. ROSENTHAL'S LETTER CONTINUES BY POINTING OUT THAT UPON TERMINATION OF ITS OPERATIONS, MAT'S 121 CERTIFICATE WOULD BE SUSPENDED AND ITS CAB CERTIFICATES WOULD LIKEWISE BE TEMPORARILY REVOKED PENDING A FORMAL PRO-

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CEEDING TO CANCEL.

3. IF ROSENTHAL'S LETTER IS ACCURATE, RECENT CAB ACTION AS REPORTED BY AERO AMERICA TO DENY INTERIM AGREEMENT APPEARS TO US TO RENDER MAT INCAPABLE OF KEEPING ITS OCTOBER FLIGHT PROGRAM. ACCORDING TO EMBASSY RECORDS, MAT HAS A TOTAL OF 54 ROUND TRIP CHARTER FLIGHTS SCHEDULED BETWEEN OCTOBER 1 AND OCTOBER 27, INCLUDING THE RETURN OF A HONG KONG INCLUSIVE TOUR CHARTER WHICH DEPARTED BERLIN ON SEPTEMBER 22.

4. EMBASSY CAA HAS HAD NO WORD FROM MODERN AIR REGARDING ITS PLANS, EXCEPT STATEMENT BY AERO AMERICA OFFICIAL MATHUS REPORTED REFTEL THAT THE CARRIER WOULD PERFORM ITS LAST FLIGHT WITH ITS PRESENT EQUIPMENT ON OCTOBER 28. THIS LEAVES US WITH IMPRESSION THAT AERO AMERICA/MAT MAY NOW BE ATTEMPTING TO LET SITUATION DRIFT IN THEIR FAVOR BY PRESENTING CAA'S WITH THE NECESSITY OF APPROVING AERO AMERICA'S PERFORMANCE OF FLIGHTS PREVIOUSLY APPROVED FOR MAT IN ORDER TO AVOID LARGE NUMBERS OF STRANDED BERLIN PASSENGERS.

5. INFORMATION WE HAVE THUS FAR IS FRAGMENTARY AND UN-SUBSTANTIATED; HOWEVER, ITS GENERAL THRUST WOULD SUGGEST THAT USG INTERESTS IN BERLIN WOULD BE BEST SERVED BY PROMPT NOTIFICATION TO MAT THAT ITS AUTHORITY TO OPERATE IN BERLIN WILL LAPSE AS OF THE DATE THE CARRIER IS LIQUIDATED IN THE US -- WHICH WE PRESUME WILL BE OCTOBER 1. WE WOULD THEN REQUEST MAT AT A MINIMUM TO ARRANGE FOR THE RETURN OF PASSENGERS ALREADY CARRIED OUTBOUND TO VARIOUS DESTINATIONS. IN VIEW OF THE DIFFICULTY WE MIGHT ENCOUNTER IN FINDING CARRIER SPACE AT THIS LATE DATE, WE BELIEVE PROMPT ACTION IS OF THE UTMOST IMPORTANCE TO AVOID NECESSITY OF CANCELING LARGE NUMBER OF FLIGHTS WHICH HAVE ALREADY BEEN PAID FOR BY BERLIN TRAVELING PUBLIC AND THE SERIOUSLY NEGATIVE IMPACT ON US REPUTATION IN BERLIN. ACTION REQUESTED: DEPARTMENT'S VIEWS AND CONFIRMATION OF FACTS RE MAT'S POSITION VIS-A-VIS CAB AND FAA AS OF OCTOBER 1 URGENTLY REQUESTED.

HILLENBRAND
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